



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

August 10, 2011

Site Vice President
Entergy Nuclear Operations, Inc.
Vermont Yankee Nuclear Power Station
P.O. Box 250
Governor Hunt Road
Vernon, VT 05354

SUBJECT: NRC RESPONSE TO NOTICE OF CANCELLATION OF PARENT
GUARANTEE FOR VERMONT YANKEE NUCLEAR POWER
STATION (TAC NO. ME6674)

Dear Sir or Madam:

On April 29, 2011, Entergy Nuclear Operations, Inc. (ENO) submitted to the U.S. Nuclear Regulatory Commission (NRC) a notice that Entergy Corporation intends to cancel a parent company guarantee by Entergy Corporation guaranteeing \$40 million of the decommissioning cost for the Vermont Yankee Nuclear Power Station (Vermont Yankee) (Agencywide Documents Access and Management System (ADAMS) Accession No. ML11250255). In the submittal, ENO states that because the NRC notified the licensees that Vermont Yankee's facility operating licensee has been renewed for a 20-year term, now set to expire at midnight on March 21, 2032, Entergy Corporation no longer needs to provide a parent company guarantee for Vermont Yankee, due to the anticipated earnings of the decommissioning funds during the renewal period.

In its submittal, ENO referenced its decommissioning funding status report on March 31, 2011, which, according to its calculation, provided approximately \$211 million in surplus funds over the NRC's minimum funding amount without consideration of the parent guarantee, rendering the existing parent company guarantee for additional financial assurance no longer necessary. Also according to the submittal, Paragraph 13 of the parent company guarantee and Title 10 of the *Code of Federal Regulations* Part 30 Appendix A(III)(A), states that the parent company guarantee will remain in force unless the guarantor sends notice of cancellation and the cancellation may not occur during the 120 days beginning on the date of receipt of the notice of cancellation by both the licensee and the Commission. Therefore, ENO notified the NRC that Vermont Yankee no longer required a parent company guarantee and that Entergy Corporation was intending to remove the parent company guarantee 120 days from the receipt of the notice.

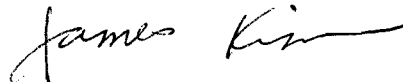
The NRC staff has reviewed the notice of cancellation by ENO and has determined that external factors may affect the licensee's decommissioning financial assurance. The reason for the NRC staff's decision is based on the ongoing civil court case *Entergy Nuclear Vermont Yankee v. Shumlin*, No. 11-cv-99 (D.V.T filed April 8, 2011) (*VY v. Shumlin*). Also, on June 23, 2011, the State of Vermont Department of Public Service submitted a letter to the NRC stating that Vermont is currently reviewing land use, power needs, alternatives, costs, economic impacts and reliability for any generation source and has not determined that Vermont Yankee meets

the State criteria for continued operation (ADAMS Accession No. ML11187A311). Depending on the outcome of Vermont's review and *VY v. Shumlin*, Vermont Yankee may no longer operate after March 21, 2012. Under that condition, the anticipated earnings during the renewal period would not be realized. Because of the uncertainty surrounding the plant's future, cancellation of the guarantee at this time would be premature.

If the parent company guarantee is cancelled, the licensee will be required to provide adequate financial assurance within 90 days of receipt of the notice of cancellation. However, when the issues raised by Vermont and in the litigation are resolved, ENO may resubmit notice of its intent to remove the parent company guarantee for an expedited review by the NRC staff.

If you have any questions regarding this letter, please contact me at 301-415-4125.

Sincerely,

A handwritten signature in black ink that reads "James Kim". The signature is written in a cursive, flowing style.

James Kim, Project Manager
Plant Licensing Branch I-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

Docket No. 50-271

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/ra/

James Kim, Project Manager
Plant Licensing Branch I-1
Division of Operating Reactor Licensing
Office of Nuclear Reactor Regulation

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***See memo dated August 5, 2011**

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|--------|-----------|-----------|----------|------------------------|
| NAME | JKim | SLittle | CRegan* | NSalgado (RGuzman for) |
| DATE | 8/10/11 | 8/10/11 | 8/5/2011 | 8/10/11 |

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